

GUEST OPINION

Are Board Members Performing at Their Peak?

With everything that is happening in the credit union movement and the economy today, your answer to this question had better be yes. If not, you need to take a closer look at whether or not your board of directors is making a positive impact on the success of your credit union and its members.

There are precious few constants in the credit union world. The number of credit unions will continue to decline while technology becomes more complex and regulations will increase if current trends continue. There is no doubt that more will be expected from the directors if credit unions are to succeed in this highly competitive environment.

I have worked in the credit union movement for more than 20 years and have served on the board of directors of a billion-dollar plus credit union for the past 11 years. I have also helped hundreds of credit unions in solving human resource issues, coached executives to reach their goals and worked with board members to understand their roles. And I've seen it all—from the smooth running professional board that is truly adding to the success of the credit union to the dysfunctional board where disagreements are common and sometimes escalate into physical aggression.

Nothing is more important right now for us, as board members, than to ensure that we are fully commit-

ted to our role as a board member. We need to be completely engaged in fulfilling our responsibilities not only for the viability of the credit union but also, and especially, for the credit union's members.

I believe there are five key strategies that all boards need to implement to be successful and to help lead their credit unions to success.

The first strategy is to accept nothing less than trust and respect. A credit union board of directors has a lot of responsibilities, and there are many ways in which they can carry out these responsibilities. They can simply rubber stamp all decisions made by the CEO, argue with each other until someone or one group of board members gets their way, or they can have open, honest discussions that result in the board pulling together as a group to make the right decision in the best interest of its members. Obviously, the last option is the one that keeps trust and respect among members in mind.

The second strategy is to take a proactive approach to board member succession. One of the responsibilities of the board of directors is to contribute to the long-term success

of the credit union by ensuring that members' interests are represented through maintaining a capable board of directors. This responsibility is accomplished in a variety of ways, including ensuring that credit union members are presented with only well-qualified candidates in each board election, providing complete orientation and training of new board members, constantly providing current board members with appropriate development opportunities and planning for the succession of each board member.



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The third strategy is to ensure that the CEO compensation package is appropriate and represents the value that you place on the CEO. Hiring a CEO for the credit union and monitoring his or her performance is one of the most important duties of a board of directors. Having the right CEO in place can be the difference between the credit union's success and failure. And it really doesn't even have to be to those extremes. Not having the right CEO in place can also mean mediocrity. The credit union might be stable and financially viable, but one that is not growing or moving ahead in terms of product and service offerings, number

of members and amount of loans. It is important to have a competitive compensation package for the CEO, whether he or she is the current CEO at the credit union or you are searching for a new leader.

The fourth strategy is to ensure that you have a CEO succession plan in place. CEO vacancies can be planned or unplanned. In either case, by the time a succession plan is needed, it is far too late to start developing one, and it is vital for the board to make succession planning a priority. It is also important for CEOs to understand that they have an important role in the succession planning process. CEO succession is not just the responsibility of the board of directors.

The fifth strategy is to understand external factors when you are defining credit union success. One of the critical mistakes that boards often make is not having a complete understanding of how the external environment affects the credit union's performance. This can cause the board and the CEO to disagree on important decisions. This can also trigger a lack of trust between the parties which can affect the success of the credit union.

This is a call to action for all credit union board members. Take an introspective look at the level of commitment and engagement that you are providing in your role as a board member. Is that level at its peak or could it be improved? ■